

HOUSE BILL No. 1914

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Inventory property taxes. Provides a credit against state tax liability for property taxes paid on inventory.

Effective: January 1, 1999 (retroactive).

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January 26, 1999, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1914

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]:

4 **Chapter 20. Business Inventory Credit**

5 **Sec. 1.** As used in this chapter, "assessed value" means the
6 assessed value of inventory determined under IC 6-1.1-3.

7 **Sec. 2.** As used in this chapter, "inventory" has the meaning set
8 forth in IC 6-1.1-3-11.

9 **Sec. 3.** As used in this chapter, "pass through entity" means:

10 (1) a corporation that is exempt from the adjusted gross
11 income tax under IC 6-3-2-2.8(2);

12 (2) a partnership;

13 (3) a limited liability company; or

14 (4) a limited liability partnership.

15 **Sec. 4.** As used in this chapter, "state tax liability" means a
16 taxpayer's total tax liability that is incurred under:

17 (1) IC 6-2.1 (gross income tax);

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- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (3) IC 6-3-8 (supplemental net income tax);
- (4) IC 6-5-10 (bank tax);
- (5) IC 6-5-11 (savings and loan association tax);
- (6) IC 6-5.5 (financial institutions tax); and
- (7) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 6. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

(b) The amount of the credit is equal to the lesser of:

- (1) the ad valorem property taxes paid on inventory in the taxable year; or
- (2) an amount equal to the ad valorem property taxes paid on inventory, as identified by the taxpayer, with an assessed value not exceeding the following:
 - (A) For a taxable year beginning in 1999, seventy thousand dollars (\$70,000).
 - (B) For a taxable year beginning in 2000, two hundred thousand dollars (\$200,000).
 - (C) For a taxable year beginning in 2001, one million dollars (\$1,000,000).
 - (D) For a taxable year beginning after 2002, the assessed value on which the full amount of the ad valorem property taxes paid on inventory in the taxable year was imposed.

Sec. 7. (a) If the amount determined under section 6(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is entitled to a refund of any unused credit.

Sec. 8. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal



1 to:

2 (1) the tax credit determined for the pass through entity for
3 the taxable year; multiplied by

4 (2) the percentage of the pass through entity's distributive
5 income to which the shareholder or partner is entitled.

6 **Sec. 9.** To receive the credit provided by this chapter, a taxpayer
7 must claim the credit on the taxpayer's state tax return in the
8 manner prescribed by the department. The taxpayer must submit
9 to the department proof of payment of an ad valorem property tax
10 and all information that the department determines is necessary
11 for the calculation of the credit provided by this chapter.

12 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
13 IC 6-3.1-20, as added by this act, applies only to taxable years
14 beginning after December 31, 1998.

15 SECTION 3. An emergency is declared for this act.

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